



Bill Analysis May 12, 2015

HOUSE BILL No. 4542

"Michigan Achieving a Better Life Experience (ABLE) program act"

The bill would create a new program in the Department of the Treasury for individuals with a qualifying disability consistent with Internal Revenue Code §529(A) to open savings accounts to pay for qualifying disability expenses. Qualifying disability in this context is disability as defined by the Social Security Administration. Qualifying expenses are defined as including: education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses related to the disability.

The bill creates restrictions on the use of the funds deposited into the ABLE account, consistent with federal law. Of note is the designation by the State as a creditor to the ABLE account, after Medicaid Buy-In provisions, the inability to direct the investment revenue on the account to another account, and a cap of \$500,000 on the amount that may be in the account.

Contributions to and earnings from an ABLE account are exempt from income tax until distributed, at which point they are taxable within IRS and state guidelines. However, the existence of and balance on an ABLE account shall not be used in any support program that requires means testing, with the exception of housing support should the account or distribution from the account for housing purposes exceed \$100,000.

Currently, there is no financial impact analysis provided by the House Fiscal Agency.

The connected bill, HB 4543, inserts the language necessary to allow for the contribution limit of \$5,000 for a single individual or \$10,000 on a joint filing. The bill also authorized the inclusion in gross income any expenditure from an ABLE account that isn't qualified.

Statement of Support:

Disability Network/Michigan and the Statewide Independent Living Council stand in support of this bill, and the connected provisions of HB 4543. The allowance of individuals with a disability to create a savings plan for ongoing disability expenses, much like for higher education and other state-authorized savings plans, can allow an important financial resource to be applied to meet needs that may not otherwise be met. Many of the public assistance programs people with disabilities, and their families, depend upon are asset limited. To remain eligible, people with disabilities must live below the poverty level. HB 4542 allows people to build protected assets that can lead to an increased level of self-sufficiency over time.

For more information contact:

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